

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING A PUBLICLY TRADED CORPORATION FROM
5 USING FUNDS THAT WOULD OTHERWISE BE PAID TO A STOCKHOLDER AS DIVIDENDS FOR THE
6 PURPOSES OF POLITICAL ACTIVITY WITHOUT THE PRIOR WRITTEN CONSENT OF THE STOCKHOLDER;
7 CREATING A CAUSE OF ACTION FOR A STOCKHOLDER WHOSE DIVIDENDS ARE USED FOR POLITICAL
8 ACTIVITY WITHOUT THE PRIOR WRITTEN CONSENT OF THE STOCKHOLDER; PROVIDING A
9 DEFINITION; AND PROVIDING AN APPLICABILITY DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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13 NEW SECTION. **Section 1. Prohibiting involuntary use of funds for political activity -- civil action**
14 **authorized -- definition.** (1) A publicly traded business corporation incorporated or authorized to do business
15 in Montana may not, except by a prior, written, voluntary authorization signed by a stockholder, use any
16 corporate funds that would otherwise be paid to that stockholder, in the form of a dividend, for the
17 purposes of political activity. If the stockholder chooses not to authorize the use of corporate funds for
18 political activity, the stockholder's share of funds that would otherwise have been used for political activity
19 must be paid to the stockholder. This subsection does not prevent a corporation from paying to a
20 stockholder as a dividend, appropriate to the class of stock owned by the stockholder, any funds
21 subsequently used by the stockholder for political activity.

22 (2) A corporation subject to subsection (1) shall inform each stockholder annually of the
23 requirements of this section and may at that time provide each stockholder with the opportunity to
24 authorize the use of corporate funds for political activity that would otherwise be paid to the stockholder.
25 If the corporation provides the stockholder with a form on which to make the authorization required by
26 subsection (1), the form must be sent to the stockholder in a single mailing unaccompanied by other
27 material concerning the business of the corporation except business concerning this section.

28 (3) (a) A stockholder of a corporation that violates a requirement of subsection (1) may bring a
29 civil action in the district court of the county in which the stockholder resides for:

30 (i) injunctive relief;

1 (ii) damages in the amount of money used by the corporation for political activity without the
2 consent of the stockholder; or

3 (iii) other relief as the court determines to be appropriate.

4 (b) A stockholder prevailing in an action brought pursuant to subsection (3)(a) must also be
5 awarded costs and reasonable attorney fees by the court.

6 (c) In any action brought pursuant to subsection (3)(a), the burden is upon the corporation to prove
7 by a preponderance of the evidence that the corporation did not violate the provisions of subsection (3)(a).

8 (4) As used in this section, "political activity" means any activity carried out by an officer,
9 director, employee, agent, or other person at the request of the corporation for the purposes of influencing
10 in a local, state, or federal election the consideration or outcome of any legislation, regulation, rule, or
11 ballot measure or the election of any candidate for a public office.

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13 **NEW SECTION. Section 2. Applicability.** [This act] applies to the use of funds for political activity,
14 as defined in [section 1], occurring after October 1, 2001.

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